

~~Top Secret~~

POLAND: Production Improves

Industrial production increased slightly from January to February, with coal, copper, and other mining industries leading the way. Nevertheless, production was still nearly 12 percent below the level of a year ago, and output of manufactured goods was down more than 20 percent. Planning Chief Madej predicts that industrial production in the second half of this year may be 2 to 3 percent higher than the same period last year but that the results for the entire year will still be less than those for 1981. [redacted]

Comment: The figures for February offer the first tentative sign that Poland's industrial decline may be ending, but the economy remains extremely depressed. Industrial production, national income, and exports are all at the level of the mid-1970s, while housing construction is at the level of 1967. Western sanctions and Poland's financial situation are the major impediments to more rapid recovery. CEMA assistance in offsetting reduced imports from the West will continue to be the key factor in Poland's economic performance in the near term. [redacted]

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